



**look  
forward to  
retirement!**

Iowa Department of Administrative Services  
**Retirement Investors' Club (RIC)**

## **403b Plan Employee Q&A**

**Q What happened – why is everything changing?**

**A** Federal regulations changed the nature of 403b plans to require employers to take a much more active role in establishing and maintaining these supplemental retirement plans. State law changed to reflect the federal requirements. State law required the State's Department of Administrative Services to offer an optional 403b plan to all public schools, area education agencies, and community colleges.

**Q When must I enroll in the new plan?**

**A** Starting January 1, 2009 you will need to be enrolled in one of the six provider plans, and all new contributions will be deferred to your newly enrolled plan. Enrollment options and advisors will be available in September/October 2008. To ensure a timely transition, we suggest you complete your enrollment forms by the end of November.

**Q How do I enroll?**

**A** To enroll, you may call a provider directly using the phone numbers provided on the RIC Provider Summary, or you may call your local provider representative. RIC will post listings of provider representatives on its website, and will update them periodically. If you already have a relationship with a local financial advisor, you may call the advisor to inquire about representation. Five of RIC's six providers are adding local advisors to their list of approved representatives.

**Q Can I still use my current investment advisor?**

**A** Possibly, if your advisor has an existing relationship or can establish a relationship with the provider of your choice. If your advisor has not already done so, have your advisor call one of our providers right away to establish a relationship. Advisors will need to obtain the product information and applications necessary to open this 403b product.

**Q What happens if I miss the enrollment deadline?**

**A** You will not be able to defer into your account until you complete your enrollment. Your employer will determine your enrollment period (year-round or set times during the year).

**Q Can I enroll and start contributing to one of the new providers now?**

**A** Some of our providers will open accounts to begin receiving funds in 2008. Your employer will have a list of eligible providers that are currently allowing enrollment and accepting contributions in 2008.

**Q Will I have access to the same investments I currently hold with my existing provider?**

**A** Possibly. Once you enroll in your new provider's plan, your investment options will be limited to the options of that plan, which may include some of the same or similar investments options. One of the new providers will offer a self-directed brokerage account (SDBA) option that may allow you to access the same investments your former provider holds. We suggest you consult an advisor to see which investments are comparable to your prior plan's investment line-up and if the SDBA is a suitable option for your investing needs.

**Q What fees do I pay?**

**A** There are two basic types of fees charged by our providers. The first fee is called a provider fee (charged by 4 of our 6 providers). This fee is paid to the provider to cover the costs associated with support functions (including compensation to investment advisors), marketing, M&E fees, etc. You do not pay your investment advisor directly – the provider does, even the providers who do not charge a provider fee. The second fee is called a fund management fee. This fee is paid to the group of people who invest your funds. You do not pay either fee on any assets you invest in the provider's fixed rate account (also called stable value).

**Q Do I need to rollover or transfer my existing plan into my new plan with RIC?**

**A** No, you are not required to move your funds to your new product. If you wish to do so, we suggest you contact your old provider or advisor to ask if your old product has any surrender charges, transfer fees or restrictions.

**Q Since my current provider can no longer accept contributions after 2008, can I roll my assets to an IRA?**

**A** No. New provider options inside of a plan do not constitute a "distributable event" such as retirement, disability, etc.

**Q Is RIC compensated by the providers?**

**A** No

**Q Can my provider become one of the RIC providers?**

**A** Your provider may submit a proposal during the 2009 competitive bid to be considered for the 2010 provider line-up.